

State Board of Equalization

OPERATIONS MEMO

For Public Release

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SUBJECT: New Sales and Use Tax Registration Applications

I. BACKGROUND

The Board of Equalization's (BOE) Registration Re-Engineering Project (Project) involved examining the registration processes for all BOE tax and fee programs to increase efficiency and cut cost while still being able to provide quality services to tax and fee payers. One of the primary recommendations resulting from this project was consolidating the three sellers' permit applications and revising applications for the use tax and lender certificates. With Executive Management's approval, the consolidated application, BOE-400-SPA, *Seller's Permit Application*, was developed and on April 1, 2004 the BOE-400-SPA replaced the:

- BOE-400-MCO (*Corporations/LLC/Organizations*)
- BOE-400-MIP (*Individual/Partnerships*)
- BOE-400-MT (*Temporary*)

Beginning April 1, 2005, changes to the following applications occurred:

- BOE-400-MCR, *Certificate of Registration-Use Tax Application*, will change to BOE-400-CSC to reflect the Taxable Activity Type (TAT) "SC"
- BOE-400-MCU, *Consumer Use Tax Account Application*, will change to BOE-400-CSU to reflect the TAT "SU"
- BOE-400-MCL, *Certificate of Registration-Lender*, will change to BOE-400-CSL to reflect the TAT "SL"

While the format and questions posed on of these four applications may appear similar to the old forms, certain questions were repositioned or eliminated, and others were added. Questions on the forms were also grouped because of their relationship to one another. For example, all business related information such as the entity type, owner name, business name, corporate data, etc., appear as the first questions before any personal information is asked. The questions appearing on the applications have been determined to have the most value for registration, skip tracing, and collections. The Project examined the registration processes of all tax and fee programs Board-wide and the applications now include information that assists in the administration of other tax or fee programs.

For example, questions related to tax/fee programs administered by the Property and Special Taxes Department are asked using ballot boxes on the BOE-400-SPA, and assist the Board in identifying persons selling tires, making retail sales of cigarette and tobacco products, and sales of covered electronic devices. While the California Tire Recycling Fee has been in effect since

July 1990, on June 30, 2004, retail sellers of cigarettes and/or tobacco products began obtaining an additional license (separate from a seller's permit) for each location where these products are sold. On January 1, 2005, consumers began paying a recycling fee for every "covered electronic device," purchased from a retailer. A covered electronic device is a cathode ray tube (CRT) or device, flat panel screen, or any other similar video display with a screen whose diagonal measurement is four inches or greater, and is classified by the Department of Toxic Substances to be a hazardous waste when disposed of. The fee ranges from \$6.00 to \$10.00 depending on the screen size.

II. REVISION DETAILS AND PROCESSING

On April 1, 2004, taxpayers could obtain the BOE-400-SPA from the Board's Internet website. Because the format of the BOE-400-SPA, CSC, CSU, and CSL appear similar to the BOE-400's in use prior to April 1, 2004, the following details are being provided to highlight differences:

- A) If the applicant did not check that they are applying for a temporary or regular permit in question 1 on the application, staff should review the "Temporary Permit Event" section on the reverse of the application. A temporary permit should be issued if the applicant provided information in this section. If no information is provided here, a regular permit should be issued.
- B) All ownership types identified on the MIP, MCO and MT have been combined and a new ownership type, "Domestic Partnership," has been added. The Domestic Partnership ownership type became effective on January 1, 2005. Applications received before January 1, 2005 with "Domestic Partner" box checked, were coded to the ownership type "General Partnership," and applicants were informed they were being coded as such until the law became operative. Internally, until BOE has the proper programming changes to accommodate the entity type, staff will continue to code Domestic Partnerships as General Partnerships. When an application is marked "Domestic Partners," proof of registration with the Secretary of State is not required.
- C) The section marked "For Board Use Only" contains:
 - 1) A "Processed by" block where the staff person processing the application should write their initials. Additionally, staff processing the application should also identify the date on which the permit was issued in the "Permit Issue Date" block. Both of these items were previously located on the back of the applications.
 - 2) A block for the "North American Industry Classification System" (NAICS) code was added should the Board decide to use this system in lieu of, or in addition to, our current business codes. Separate instructions will follow if using the NAICS code is instituted.
 - 3) Staff should check the type of verification provided and, if a partnership agreement was submitted, check the box "PA." If the applicant provided a driver license (DL) as verification, check the

“DL” box. Any DL copies received with the application will be destroyed after the applicant’s identity has been verified. DL copies will not be retained in the field offices or sent to HQ-Taxpayer Records Unit (TRU) with the application. Staff will dispose of all copies by confidential destruction.

- 4) A box for the “A.C.C.” or Account Characteristic Code was added.
- D) Questions related to the applicant’s *business* information were situated next to each other. If the application requires a Secretary of State (SOS) number, but the applicant is unable to provide it, staff can access the SOS Internet website at www.ss.ca.gov, go to the tab marked “*California Business Portal*,” and click on “*California Business Search*.” Staff may verify corporate, limited partnership, and limited liability company registration. The information available on this site is updated weekly, so if the applicant’s SOS number does not appear, staff should either attempt to verify the number using the Board’s online access to SOS’s database through Teale or by requesting the applicant provide a copy of their SOS registration.
- E) On all the applications, the individual ballot boxes for the relationship type to the ownership type were consolidated into one section. If the first applicant checks “Owner/Co-owner,” then it follows the rest of the other applicants are co-owners as well. If the boxed check is “Corp Officers,” then all listed are corporate officers, etc. A box is also provided for the person’s “Title.” Staff should be aware that if the ownership type checked in question 1 is a partnership, a partnership may consist of different types of entities. The partnership may be a combination of individuals with other individuals, individuals and corporations, corporations and other partnerships, etc. Staff should not reject applications if it appears the ballot boxes were checked erroneously.
- F) The ballot box for “Full Time and Part Time,” (no. 39) was moved next to the question, “What items will you sell?” Staff should ensure this question is answered and to enter the proper “Account Characteristic Code” in the “A.C.C.” field in the section “For Board Use Only,” on the front of the application. (See C, 2, above.)
- G) On the BOE-400-SPA, numbers 50 and 51, business website address and Internet sales respectively did not appear previously in the BOE-400-MT. There are no current IRIS fields that capture the information. Until the fields are programmed in IRIS, staff must record the information in the “Misc.” field when entering F10 information. If a website address is provided, enter it in the following format: “www.webbyadd.com.” If the Internet sales question is answered either yes or no, make the entry, “Net sales, Yes,” or “Net sales, No.”
- H) On the BOE-400-SPA, numbers 52, 53 and 54 contain questions related to tire sales, covered electronic devices, and sales of tobacco products at retail. To capture responses to these questions, a pop-up screen appears during the registration process requiring staff to mark the responses as they appear on the

application. This screen appears when the user presses the PF9 key to complete the registration process before the account number is issued. If the applicant sells tobacco products at wholesale, they should not mark number 54 as "Yes," because the question relates to "retail sales only." Staff will not mark the screen with a "Y." When questions 52, 53, and/or 54 are answered affirmatively and entered through the pop-up box, the information will be relayed to Special Taxes automatically so that they may send the appropriate fee-related registration material.

- I) On all applications, bank information is now limited to name and branch.
- J) On the BOE-400-SPA, a section marked "Temporary Permit Event Information," (numbers 74 through 81) was added in order to incorporate the MT application.
- K) On all the applications, the number of signature lines were either reduced or increased so as to correspond with the number of applicants or persons providing personal information on the front of the application.
- L) The "For Board Use only" section on the reverse of the application was reconfigured.
- M) For the BOE-400-CSC, CSU and CSL, more spaces were added to enter the required information such as suppliers, assignees of accounts, etc.

III. DISCONTINUED APPLICATIONS

The BOE-400-SPA has been in use since April 2004, and all of the application forms that it replaced are no longer available. For the revised BOE-400 CSC, CSU and CSL, staff should discontinue the use of the application forms they replaced. Completed applications using discontinued stock should not be returned to the applicant but should instead be processed. Shelf stock of the new applications may be ordered from the Reproduction and Supply Unit, West Sacramento. The applications are also available on eBOE and on the Board's website. Supervisors may call the SUTD Registration Specialist, Compliance Policy Unit, Compliance and Technology Section if there are any questions regarding the information contained in this operations memo.

IV. OBSOLESCENCE

This operations memorandum becomes obsolete when the information it contains is included in the Compliance Policy and Procedures Manual.

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